

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 IO-10 AGR-05 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-01 PRS-01 USIA-06 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /102 W

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R 121825Z AUG 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3733

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 12425

E.O. 11652: GDS

TAGS: ETRD EAGR

SUBJECT: COFFEE: OUTLOOK FOR OCTOBER-NOVEMBER ICA  
NEGOTIATIONS

1. IN SEPTEL, EMBASSY REPORTED PLANS OF INTERNATIONAL COFFEE ORGANIZATION (ICO) EXECUTIVE DIRECTOR BELTRAO FOR TRAVEL TO BRAZIL AND UNITED STATES IN CONNECTION WITH BRAZIL FROST DAMAGE. DURING DISCUSSION OF TRAVEL PLANS, U.S. REP HAD OPPORTUNITY TO DISCUSS THE OCTOBER-NOVEMBER INTERNATIONAL COFFEE AGREEMENT (ICA) NEGOTIATIONS WITH BELTRAO--AND SUBSEQUENTLY, BRIEFLY WITH BRAZIL REP RAFFAELLI--WITH A VIEW TOWARD DECIDING ON BEST WAYS FOR

ASSURING SUCCESS IN NEGOTIATIONS. BELTRAO'S VIEWS AT MOMENT ARE HIGHLY TENTATIVE. NEVERTHELESS, BY THE ICO MEETINGS SCHEDULED FOR THE WEEK OF SEPTEMBER 15, HE HOPES TO HAVE REPORT PREPARED WHICH NOT ONLY WILL PROVIDE A REASONABLY ACCURATE ACCOUNT OF FROST DAMAGE BUT MIGHT ALSO PROVIDE SOME INSIGHTS ON PROCEDURE FOR THE NEXT NEGOTIATING SESSION.

2. BELTRAO APPEARED REASSURED BY APPARENT POLITICAL WILL TO NEGOTIATE SHOWN SO FAR BY BRAZIL, COLOMBIA AND IVORY  
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COAST. HOWEVER, HE WAS WELL AWARE THAT THIS MIGHT ERODE

BEFORE OCTOBER, AND WAS RELUCTANT TO ATTEMPT TO EVALUATE THE STRENGTH OF SUCH "POLITICAL WILL" UNTIL AFTER COMPLETION OF PRESENT TRIP. REFERRING TO A RECENT STATEMENT REPORTEDLY MADE BY DEPUTY ASSISTANT SECRETARY KATZ TO THE NATIONAL COFFEE ASSOCIATION, BELTRAO AGREED THAT THERE WAS A POSSIBILITY THAT THE BEST THAT MIGHT BE ARRIVED AT IN THE FORTHCOMING NEGOTIATIONS MIGHT BE AN ICA "WITH CONTROLS AND QUOTAS ALREADY SUSPENDED." THIS WOULD MEAN, HE NOTED, THAT WE WOULD BE IN THE SECOND PHASE BEFORE WE SAW THE FIRST, AND THAT THE ICO MIGHT FIND ITSELF FACING THE VERY DIFFICULT PROBLEM OF HOW TO "REIMPOSE" QUOTAS AND CONTROLS EARLY ON. PERHAPS A MAJOR DIFFICULTY WITH SUCH AN ICA WOULD BE ITS GENERALIZED NATURE, WHICH WOULD MAKE RATIFICATION BY U.S. AND OTHERS JUST THAT MUCH MORE DIFFICULT SINCE IN EFFECT CONGRESSES WOULD BE ASKED TO RATIFY AN AGREEMENT WITH ECONOMIC PROVISIONS LEFT DANGLING.

3. BELTRAO SEEMED ATTRACTED TO THE IDEA OF REESTABLISHING THE CONTACT GROUP (PERHAPS BY CHANGING THE CHARACTER OF THE DRAFTING GROUP CREATED AT THE LAST COUNCIL MEETING) FOR THE PURPOSE OF MAINTAINING MOMENTUM AND WORKING OUT A CLEAR PROCEDURE FOR GETTING NEGOTIATIONS OFF TO AN EARLY START.

4. SUBSEQUENTLY, ON AUGUST 12, RAFFAELLI, AFTER HIS OWN CONVERSATION WITH BELTRAO, CALLED THE U.S. REP TO EXPAND ON NOTION OF REESTABLISHMENT OF CONTACT GROUP. RAFFAELLI SAID HE THOUGHT IDEA HAD CONSIDERABLE MERIT AND HE WOULD PROPOSE IT TO HIS AUTHORITIES. HE WAS CONCERNED HOWEVER, ON TWO POINTS WHICH MIGHT MAKE THE GROUP A FUTILE EXERCISE: (A) CONFLICT WITH COCOA NEGOTIATIONS IN GENEVA AND (B) NEED TO HAVE "PEOPLE WHO REALLY COUNT"

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EA-07 NEA-10 /131 W

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R 121825Z AUG 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3734

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 12425

DOING TALKING IN THE GROUP. RE (B), RAFFAELLI NOTED THAT BRAZIL AND U.S. PERHAPS COULD SPEAK THROUGH LOCAL REPS SINCE WE WERE IN COMMUNICATION WITH HOME OFFICES AND COULD GET IMMEDIATE INSTRUCTIONS. HE OBSERVED, HOWEVER, THAT "SAWADOGO WOULD CHEERFULLY THROW N'DIA TO THE DOGS" IF NECESSARY AND THAT FRANCE WOULD HAVE COMMUNICATIONS PROBLEMS WITH GALLOT'S INVOLVEMENT WITH COCOA. US REP REPLIED THAT WHILE RAFFAELLI'S ANALYSIS MIGHT BE CORRECT, .WOULD SEEM TO BE CONSIDERABLE MERIT IN FREQUENT, INFORMAL MULTILATERAL EXCHANGES BETWEEN LOCAL REPS FROM HERE ON OUT ( A SORT OF SHADOW CONTACT GROUP) WITH THE HIGHER POWERED GROUP POSSIBLY TO MEET JUST PRIOR TO NEGOTIATIONS.

5. RAFFAELLI WAS NON-COMMITTAL ON EARLY MEETING BUT AGREED WITHOUT HESITATION THAT A HIGH LEVEL CONTACT GROUP JUST BEFORE NEGOTIATIONS WAS MOST DESIRABLE. IN THIS REGARD, IT WAS AGREED THAT CONSIDERATION SHOULD BE GIVEN TO MOVING THE NEGOTIATING CONFERENCE FROM OCTOBER 27 TO NOVEMBER 14 TO NOVEMBER 3-21 IN ORDER TO PROVIDE A LONGER GAP BETWEEN COCOA AND COFFEE. RAFFAELLI WAS NOT CONFIDENTIAL

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OVERLY CONCERNED BY CONFLICT WITH THE SUGAR MEETINGS.

6. ACTION REQUESTED: WOULD APPRECIATE REACTIONS TO CONTACT GROUP AND RESCHEDULING IDEAS SET FORTH ABOVE FOR FURTHER DISCUSSION WITH RAFFAELLI EARLY NEXT WEEK. AS DEPARTMENT AWARE SEPTEMBER 18-19 MEETING OF COUNCIL WOULD PROVIDE FORUM FOR TAKING DECISIONS FOR WORK PLANS INCLUDING RESCHEDULING CONFERENCE AND REESTABLISHMENT OF CONTACT GROUP, IF DESIRED.

RICHARDSON

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